

Message Text

CONFIDENTIAL

PAGE 01 LUSAKA 00285 031642Z

44

ACTION AF-04

INFO OCT-01 SS-14 ISO-00 EUR-08 SSO-00 NSC-05 NSCE-00

INR-05 INRE-00 CIAE-00 SP-02 L-01 PRS-01 EB-03 /044 W

----- 028905

O R 031552Z FEB 76

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC IMMEDIATE 2768

INFO AMEMBASSY LONDON

C O N F I D E N T I A L LUSAKA 0285

LIMDIS

FOR ASST SECY SCHAUFEE

EO 11652: GDS

TAGS: EFIN, EGEN, ZA

SUBJECT: ZAMBIA SOLICITS US INVITATION TO DISCUSS ECONOMIC
SITUATION AND NEEDS

REF: LUSAKA 2142 AND 2394

1. SUMMARY. IN TWO SEPARATE CONVERSATIONS OF FEB 2 - ONE WITH PRESIDENT'S ECONOMIC ADVISER LISHOMWA, THE OTHER WITH CENTRAL BANK GOVERNOR KUWANI - BOTH DELIVERED FOLLOWING MESSAGE LOUD AND CLEAR. PUBLICATION OF ZAMBIA'S DEFICIT BUDGET FOR 1976, PROVIDING ABSOLUTELY NO RPT NO TAX RETURNS FROM COPPER WHICH HAD BEEN MAINSTAY OF ZAMBIAN GOVT REVENUES AND FOREIGN EXCHANGE AVAILABILITIES THROUGHOUT THE COUNTRY'S 11 YEAR HISTORY, UNDERSCORES ZAMBIA'S CRITICAL ECONOMIC AND FINANCIAL POSITION (LUSAKA 0282). BUDGET SHOWS NO RPT NO PROVISION FOR COVER OF 1975 \$280 MILLION B/P DEFICIT AND NO RPT NO COVER FOR EXTERNAL FINANCING NEEDS OF BETWEEN \$380 MILLION AND \$570 MILLION (DEPENDING ON TRANSPORT) OF TWO MAJOR COPPER COMPANIES FOR THEIR ONGOING OPERATIONS IN 1976. MESSAGE CONCLUDES: THE UNITED STATES MUST UNDERSTAND ZAMBIA'S PLIGHT, RELATED AS IT IS TO DEPRESSED ECONOMIC CONDITIONS IN WORLD, ESPECIALLY IN UNITED STATES. USG MUST
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LUSAKA 00285 031642Z

MAKE A GESTURE, "EVEN THE SMALLEST", THAT IT IS DISPOSED

TO OFFER ASSISTANCE. RECOMMEND AF AT POLICY LEVEL EXTEND INVITATION FOR APPOINTMENT DURING WEEK OF FEB 9 TO CENTRAL BANK GOVERNOR KUWANI TO DISCUSS PROBLEM AND EXPLORE POSSIBLE USG ASSISTANCE. END SUMMARY.

2. DISCUSSION WITH LISHOMWA RELATED MAINLY TO UPCOMING CIEC COMMISSION MEETINGS IN PARIS (SEPTEL). PRESIDENT'S ADVISER MADE REFERENCE TO ABORTED ZAMBIAN ECONOMIC MISSION TO US FIRST BRUITED ABOUT BACK IN OCT BY CENTRAL COMMITTEE MEMBER MULEMBA. LISHOMWA SAID THERE NO POINT NOW IN SENDING AN ECONOMIC MISSION TO US UNLESS THERE SOME SIGNAL FROM WASHINGTON THAT ZAMBIA IS ON SOME PRIORITY LIST FOR ASSISTANCE. SAID 1976 NATIONAL BUDGET SHOULD PROVIDE AMPLE FACTS AND FIGURES ON COUNTRY'S STRAINED POSITION. LISHOMA MADE POINT OF SAYING HOW EMBARRASSING IT WAS FOR NEEDY DEVELOPING COUNTRIES TO KEEP ASKING, BUT ALWAYS TO BE PUT OFF ON GROUNDS FINANCING NOT AVAILABLE, NOT BUDGETED FOR, AND IN CASE OF US, DOES NOT HAVE CONGRESSIONAL SYMPATHY OR AUTHORITY, ETC.

3. GOVERNOR KUWANI WAS EVEN MORE OUTSPOKEN IN SEPARATE CONVERSATION. SAID GRZ LOOKED TO US FOR SOME SIGN OF RECOGNITION OF ZAMBIA'S FINANCIAL DIFFICULTIES AND NEEDS, AGGRAVATED AS THEY ARE BY ANGOLAN WAR, RHODESIAN SITUATION, AND EFFECT THESE HAVE HAD ON ZAMBIA'S TRANSPORT ROUTES. KUWANI CONFIRMED HE LEAVING EVENING FEB 2 "TO GO SHOPPING" IN EUROPE, US AND CANADA. KUWANI ASKED HOW DOES ONE PUT FORWARD ITS CASE FOR HELP, HOW DO WE TAKE THE INITIATIVE? ASKED WHY USG "STANDS IDLY BY" WHEN FRIENDS ARE IN NEED. USG SHOULD RECOGNIZE THAT SOONER OR LATER IT WILL HAVE TO HELP; WHY NOT EXTEND AN INVITATION NOW TO DISCUSS THE PROBLEM SO AS TO MAKE THINGS EASIER.

4. KUWANI SAID HE WOULD BE IN US WEEK OF FEB 9 IN COMPANY OF FINANCE PERM SECY WALUSIKU WHO HAS APPOINTMENT FEB 9 AT WORLD BANK. WALUSIKU ALSO EXPECTED TO VISIT EXIM BANK RE CAPITAL EQUIPMENT NEEDS OF MINES FOR WHICH GRZ NOW PREPARED TO GIVE GUARANTEES (LUSAKA 0276). KUWANI WILL BE CANVASSING "FRIENDS" IN NEW YORK AT BANK OF AMERICA, CHASE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LUSAKA 00285 031642Z

MANHATTAN, MANUFACTURERS HANOVER TRUST AND LOEB RHODES. HE OBVIOUSLY WOULD WELCOME AN INVITATION, PRESUMABLY AT POLICY LEVELS IN STATE, AID AND TREASURY TO DISCUSS ZAMBIA'S CURRENT FINANCIAL CRISIS.

5. COMMENT AND RECOMMENDATION: IT SEEMS THAT SOMEWHERE IN COURSE OF MULEMBA'S FUMBLE IN HANDLING GRZ ECONOMIC MISSION TO US LAST FALL ZAMBIAN PRIDE WAS WOUNDED FOR LACK

OF AN IMMEDIATELY FORTHCOMING USG RESPONSE. MISTAKEN IMPRESSION HAS SINCE DEVELOPED THAT GRZ SHOULD GO HAT-IN-HAND TO WASHINGTON WITH A COMPUTER READ-OUT OF ITS FINANCIAL SITUATION. IT REFUSES TO APPEAR AS A BEGGAR; THUS ADVANCED FIRST VEILED AND NOW OPEN HINTS FOR AN INVITATION FROM US SIDE. AM ALSO CONVINCED KAUNDA MAY FEEL HIS MESSAGES TO US (PASSED THROUGH CHONA TO ME AND ASSERTING HIS BELIEF THERE ARE SUBSTANTIAL POLITICAL GROUNDS--AS IN CASE OF ZAIRE--FOR US FINANCIAL ASSISTANCE TO ZAMBIA) HAVE BEEN IGNORED BY WASHINGTON. IN HIS CONVERSATION WITH ME, LISHOMWA HINTED AT INJURED ZAMBIAN PRIDE EXTENDING FROM STATE HOUSE THROUGH ECONOMIC BUREAUCRACY.

6. THIS ATTITUDE UNFORTUNATE AND NEEDS TO BE DISPELLED, PERHAPS BEST THROUGH AN INVITATION TO GOVERNOR KUWANI FROM ASSTY SECY SCHAUFLE TO MEET WITH HIM AND SENIOR AF ECONOMIC ADVISERS AND AID IN WASHINGTON WEEK OF FEB 9 TO DISCUSS ZAMBIA'S ECONOMIC AND FINANCIAL SITUATION, EXPLORE POSSIBLE WAYS BY WHICH USG MIGHT CONTRIBUTE TO ALLEVIATING IT, AND EXPLAIN CONSTRAINTS ON OUR OWN RESOURCES AND CAPABILITY.

7. TIME PROBABLY DOES NOT PERMIT A FAVORABLE REPLY TO CATCH KUWANI BEFORE HIS DEPARTURE FROM LUSAKA THIS EVENING BUT INVITATION COULD BE EXTENDED THROUGH EMBASSY LONDON WHERE KUWANI WILL BE PART OF THIS WEEK; OR THROUGH ZAMBIAN MISSION TO UN IN NEW YORK WHERE HE WILL BE CHECKING IN WEEK OF FEB 9. WILKOWSKI

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, ECONOMIC DEPRESSIONS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 03 FEB 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LUSAKA00285
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760040-0956
From: LUSAKA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760288/aaaaczmh.tel
Line Count: 144
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 76 LUSAKA 2142
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2004 by greeneet>; APPROVED <10 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ZAMBIA SOLICITS US INVITATION TO DISCUSS ECONOMIC SITUATION AND NEEDS
TAGS: EFIN, EGEN, ZA, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006